



STATE OF LOUISIANA

Governor Bobby Jindal

Division of Administration: Operational Review

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Governor's Directive

Within 6 months, every cabinet secretary conduct a department-wide audit to identify the following:

- Wasteful spending
- Bureaucratic inefficiencies
- Opportunities for cost-saving practices
- Ways to use new technologies and best practices to improve services and reduce costs



Internal Audit Requirement

Section 8(C) of the preamble to the Appropriations Act requires the following:

"The budget request of any agency with an appropriation level of \$30 million or more shall include, within its existing table of organization, positions which perform the function of internal auditing."

This requirement can be met with internal staff or with outside audit assistance.



Internal Audit Requirement

- Internal auditors should:
 - Develop an annual audit plan based on a risk analysis.
 - Conduct performance audits and operational reviews while also examining internal controls.
 - Add value to your department by helping identify areas for improvement.



Conducting Department Audits

- Needs to be a department-wide effort.
- Empower a Project Manager and/or your internal auditor.
- Select team members with good analytical skills.
- Require all department management to participate.



Conducting Department Audits

- Develop specific objectives.
- Survey department management to get their input on functions they oversee.
- Document all work done.
- Require all department staff to participate.



Conducting Department Audits

- Some work may have already been done.
- Review prior audit findings from the following sources:
 - the Office of Legislative Auditor (especially performance and compliance audits);
 - the Office of State Inspector General; or
 - Any federal oversight auditors or reviewers.
- Research industry-related best practices.
- Develop a list of all functions within the department and identify the statutes, executive order, or some other authority requiring each function.



Conducting Department Audits

Be alert for functions or activities that are:

- Unrelated to your department's mission or a unit's mission or that have no legal requirement.
- No longer necessary government functions or activities (i.e., few clients or users).
- Considered to be low performing.
- Similar functions or activities across units.
- Not comparable to identified best practices.



Conducting Department Audits



Suggested areas to examine for wasteful spending:

- Travel expenditures
- Rentals and leases
- Number, type, and assignment of state vehicles, wireless devices, and other personal equipment.
- Ways to centralize administrative duties and reduce the number of administrative workers.
- Dues, subscriptions, office supplies, etc.



Conducting Department Audits

Suggested ways to identify bureaucratic inefficiencies:

- Identify critical processes that lack written policies and procedures...an indicator that the process may be inefficient.
- Determine what is an appropriate number of approvals in processes. Empower managers and hold them accountable.
- Examine any surveys or client feedback forms to obtain program users' concerns and suggestions.



STATE OF LOUISIANA



Division of Administration's Activities Analysis

7/3/2008



Overview of DOA



- ❖ Analysis done in response to Governor Jindal's directive that each cabinet secretary conduct a department-wide audit within six months.
- ❖ Report addresses the following issues:
 - ❖ Activities not related to a section's mission.
 - ❖ Providing administrative support to unrelated entities.
 - ❖ Overlapping or duplicative services.
 - ❖ Outdated activities.
 - ❖ Technology needs to improve efficiency.
 - ❖ Performance reporting processes.



Unrelated Activities

4 sections perform activities that are unrelated to their missions.

Example:

In 2007, Risk Management paid out nearly \$2.5 million in survivor benefits for local law enforcement officers killed in the line of duty. ORM is a property and casualty insurance program. No premiums or appropriations cover this expense.



Unrelated Administrative Support Activities

4 sections perform administrative support activities for unrelated agencies.

Example:

OFSS, Human Resources, and OSUP provide administrative support services to BESE, Board of Regents, State Police Commission, and over 600 local district attorneys and their assistants. Services include payroll, employee administration, and accounting.



Overlapping Activities

11 sections perform activities that are similar to those performed by another section or state agency.

Examples:

- Dual computer systems tracking employee training.
- Security services in Capitol Park (Capitol Police vs. Public Safety Police).
- Both the State Register and DEQ publish the Environmental Regulatory Code.
- Not all state agencies use the central mailroom or the state print shop. Some agencies have developed their own, which may not be cost effective.



Outdated Activities

6 sections perform outdated activities.

Examples:

- ❖ OSRAP gathers data from all state agencies, analyzes, and reports quarterly on amounts owed to the state. No one appears to use this report.
- ❖ OCR prequalifies prospective bidders on consulting contracts. This process could be automated in our online tool, LaPAC.



Technology Issues

12 sections have technological needs that, if met, could improve efficiency and effectiveness.

Examples:

- ❖ OSRAP needs software to ease its Comprehensive Annual Financial Report (CAFR) preparation that the ERP will not meet.
- ❖ Increase use of teleconferencing to reduce travel time and costs, not just for the DOA.



Performance Reporting

- ❖ Only 6 of 23 sections report having written policies and procedures for collecting, calculating, and reporting on their performance indicators.
- ❖ State law requires that agency heads ensure that these data are maintained and supported by agency records.



Outsourcing Opportunities

5 sections reported possible outsourcing opportunities.

Examples:

- ❖ Develop centralized web-based safety training.
- ❖ Accounting services for Office Facilities Corporation and Correctional Facilities Corporation.
- ❖ Printing and distributing employee W-2s. Also, make W-2s available online, which would eliminate the time-consuming and labor intensive process to replace lost W-2s.



Statewide Issues

The state as a whole could benefit from:

- ❖ A statewide human resources function to assist and direct state agencies on federal and state human resource employment laws.
- ❖ A statewide employee benefit management committee to coordinate the various entities that provide employee benefits.
- ❖ Encouraging statewide technology coordination.